(b) whether the Ministry has also suggested that half of these branches must come up in rural areas;

(c) if so, whether according to RBI norms and the WTO binding, foreign banks can open 12 branches a year and both have suggested for allowing 20 branches in a year now; and

(d) if so, to what extent Government have agreed to allow foreign banks to operate in the country?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) No, Sir. Ministry of Commerce and Industry has not submitted any such proposal for consideration of the Cabinet.

(c) and (d) In the "Road Map for presence of foreign banks in India" issued by Reserve Bank of India on 28.02.2005, it is proposed to go beyond the existing WTO commitment of 12 branches in a year for new and existing foreign banks and to follow a more liberal policy for under-banked areas. As per India's Revised Offer under the on-going negotiations of General Agreement on Trade in Services of the World Trade Organisation (WTO), it has been offered to raise the number of new licences for foreign bank branches to 20 per year.

Bill raising FDI in Insurance Sector

2310. MAULANA OBAIDULLAH KHAN AZMI:
SHRI KAMAL AKHTAR:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that he had informed the Chancellor of Exchequer, UK in New Delhi on 18th January 2007 that a Bill raising FDI in Insurance Sector will be introduced in the Budget Session of Parliament; and

(b) if so, what are Government's plan for introduction and passage of the Bill in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) In the Budget speech for 2004-05, it was announced that Foreign Direct Investment (FDI) in Insurance Sector would be increased from 26% to 49%. Later, it was

also announced in the Budget for 2006-07 and 2007-08 that a comprehensive Bill to amend the insurance laws would be introduced in the Parliament. Accordingly, the Insurance Laws (Amendment) Bill, 2006 was prepared and submitted to the Cabinet which has referred it to the Group of Ministers (GoM) for consideration and advice.

Institutional credit to farmers

2311. SHRI MOINUL HASSAN: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware that due to non-availability of institutional credit, the farmers are forced to turn to private money lenders for loan at interest rates anywhere between 40 to 120 per cent per annum to purchase seeds, fertilizers and other agricultural inputs; and

(b) if so, what steps have been taken to increase institutional credit to farmers to make agriculture a viable option?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (c) The Agricultural Credit requirements of farmers are being met by a wide range of sources including government financial institutions, banks, loan providers from the private sector as well as their own resources. THe private lending to agriculture is not captured by the information system of NABARD and RBI. However, it has been observed from the situation assessment survey of farmers indebtedness of farmer households conducted by the National Sample Survey Organisation, in respect of the position during January to December 2003 that 57.6% of the loans are sourced from Government Sector (government cooperatives and banks) while 42.4% of the loans are sourced from private sector (professional money lenders, traders, relatives and others).

An Institutional Credit delivery mechanism is already in place to extend credit to farmers. The reach of these institutions is being further increased through various policy measures such as the Business Correspondent and Business Facilitator models and SHG-Bank Linkage Programme.

A Farm Credit Package was announced on June 18, 2004 for doubling the flow of credit to agriculture by the formal Institutional Credit Structure.